



FEB 06 2012

Administrator
Washington, DC 20201

Toby Douglas
Chief Deputy Director, Health Care Programs
Department of Health Care Services
1501 Capitol Avenue, MS 0000
P.O. Box 997413
Sacramento, CA 99859

Dear Mr. Douglas:

This letter is in response to the June 6, 2011, request from the State of California for an amendment to the Medicaid section 1115 Demonstration entitled, "California's Bridge to Reform (11-W-00193/9)," which seeks to impose mandatory copayments on the vast majority of Medi-Cal beneficiaries.

While the Centers for Medicare & Medicaid Services (CMS) is supportive of the State's goal of promoting cost-effective use of health care services, CMS is unable to approve the State's request at this time. After reviewing the information supplied by the State in its December 23, 2011 letter, CMS is unable to identify the legal and policy support for the request as required by the Social Security Act (the Act) for the Secretary to approve an amendment to a section 1115 demonstration. A waiver to impose the types of copayments requested by the State of California for a State plan population (not a demonstration expansion population) is available only if consistent with the provisions of section 1916(f) of the Act. The State has not shown its request would be consistent with that provision.

If you have any questions about this decision, please contact Cindy Mann, the Director of the Center for Medicaid and CHIP Services at (410) 786-3870. CMS remains committed to working with the State of California to ensure the provision of cost-effective care. We appreciate the collaborative relationship we have with your staff and look forward to continuing our partnership in providing health care to the citizens of California.

Sincerely,

Marilyn Tavenner

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cc: Cindy Mann, Director, CMCS
Gloria Nagle, San Francisco Regional Office
Maureen Skehan, CMCS